

Commonwealth of Massachusetts
Department of Telecommunications and Energy
Fitchburg Gas and Electric Light Company
Docket No. D.T.E. 02-24/25
Record Request Response

Record Request No.: DTE-RR-06 (Gas)

Please provide a complete set of schedules related to the Electric Division rate petition in the form of the schedules presented by Mr. Collin's prefiled testimony, Schedules MHC-1 through MHC-12.

Supplemental Response October 2, 2002:

In the Attachment DTE-RR-06 (Gas) are the updated Schedules MHC-1 (Gas) through MHC-12 (Electric). The first page is Schedule ADJ (Gas), which is a summary of all the adjustments since the original filing. Under the heading "Adjustments (additional) 10/2/02", there are 2 adjustments since the company last filed DTE-RR-06 which was updated on September 24, 2002. The adjustments are explained below.

1. FAS 109 Components of ADIT – MHC-11

As shown on the response to Record Request DTE-RR-43 as filed on September 24, 2002, Total Accumulated Deferred Income Taxes (ADIT) for the Electric Division of FG&E on Schedule MHC-11 (Electric) remained unchanged. However, the ADIT for the generation function increased by \$2,064,122 and there was a corresponding decrease in the non-FAS 109 amounts within the total ADIT for the Electric T&D function.

As a result of the changes to the allocations of the ADIT by function as described above, there is also a corresponding impact on the FAS 109 amounts of ADIT as allocated between the electric (excluding generation) and gas divisions. Because of the change in the non-FAS 109 amounts allocated to the electric T&D function, the allocation of the FAS 109 amounts between the electric and gas divisions is effected. The result is a shift of \$290,784 related to the total FAS 109 amounts from the electric to the gas division. The allocation process of these amounts between gas & electric divisions has been previously described as the 5-step allocation process in response to Data Request DTE 6-8 (Common). Attachment 1 to this DTE-RR-6 Update shows in detail the 5-step calculation of the reallocated amounts. It is identical to the process originally presented and described in response to Data Request DTE 6-8 (Common).

The result of the \$290,784 reallocation is a net decrease to the FAS 109 amounts for the electric division as shown on Schedule MHC-11 (Electric) page 1, lines 19-24. For the gas division, as shown on Schedule MHC-11 (Gas), lines 17-22, there is a net increase to the FAS 109 amounts. See the table below for the detail of the Updated FAS 109 amounts for the gas division.

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DESCRIPTION (SEE MHC-11)	GAS DISTRIBUTION		
	9/24/02 FILING	UPDATED AMOUNT	DIFFERENCE
FAS 109 ACCOUNTING FOR INCOME TAX - FEDERAL	(\$734,301)	(\$823,301)	(\$89,000)
FAS 109 ACCOUNTING FOR INCOME TAX - STATE	(130,702)	(145,288)	(14,586)
FAS 109 REGULATORY ASSET - FEDERAL	3,138,842	3,590,199	451,357
FAS 109 REGULATORY ASSET - STATE	558,698	633,565	74,867
FAS 109 REGULATORY LIABILITY - FEDERAL	(934,680)	(1,047,967)	(113,287)
FAS 109 REGULATORY LIABILITY - STATE	(166,368)	(184,935)	(18,567)
TOTAL	<u>\$1,731,489</u>	<u>\$2,022,273</u>	<u>\$290,784</u>

This change in ADIT is shown on MHC-11 (Gas) and its impact on the cost of service is presented in Attachment 2 to this DTE-RR-6 Update.

2. Amortization of FAS 109 Net Regulatory Asset MHC-5 Page 2

The reallocation of the FAS 109 amounts from the electric to the gas divisions included an increase in the gas division's FAS 109 Net Regulatory Asset (FAS 109 regulatory asset and FAS 109 regulatory liability). As shown on Schedule MHC-5, Page 2 of 2, line 5, the Net Regulatory Asset increased from \$2,596,492 as filed to \$2,990,862. This \$394,370 increase produces an increase in the annual amortization shown on lines 7 from \$129,825 as filed to \$149,543.

Person Responsible: Mark H. Collin